



**Financial and Audit Oversight Committee ("FAOC")
Meeting Action Report**

Committee: Financial and Audit Oversight Committee ("FAOC")

Members: Representative Larry Romero (Chair)
Representative Emma Acosta
Representative Courtney Niland

Non-Members: Thomas Gonzalez, City Manager
Dr. Mark Sutter, City Comptroller
Bertha Ontiveros, Assistant City Attorney

Staff Assignee: Edmundo S. Calderon – Chief Internal Auditor

Meeting Date/Time: Wednesday, September 03, 2014 – 1:05 P.M.

1. Call to order and introductions.

Chair Larry Romero called the meeting to order at approximately at 1:05 P.M. MST.
It was determined that there was a quorum.

2. Approval of Minutes for the Financial and Audit Oversight Committee meeting of April 28, 2014. [Internal Audit, Edmundo Calderon, (915) 212-1365]

Motion made by Representative Niland, seconded by Representative Acosta and unanimously carried to approve the minutes for the Financial and Audit Oversight Committee ("FAOC") Meeting of April 28, 2014.

AYES: Representative Niland, Representative Acosta, and Representative Romero
NAYS: None
ABSTAIN: None
ABSENT: None

3. Discussion on Audit Plan Updates. [Internal Audit, Edmundo Calderon, (915) 212-1365]

Mr. Calderon went over the completed audits and projects for the 3rd Quarter of fiscal year 2014. Chairman Representative Romero asked about how the fees are accounted for with the City Development, the One Stop Shop and the possibility of fees being waived. Mr. Calderon stated that he saw no evidence of fees being waved.

Chairman Representative Romero wanted to know why the 5 findings found in the Human Resources Payroll 2nd Follow-Up Audit have not yet been implemented. Mr. Calderon

explained that it was recommended for Human Resources to look for a software solution program that would aid in their process but there was no software available for their unique needs. Representative Acosta added that even though we have PeopleSoft, many departments are still inputting data manually, which defeats the purpose. Dr. Sutter explained, with examples, that there is a gradual migration of people using the program and it is currently a work in progress. Dr. Sutter also mentioned that the Information Technology Department is currently coordinating the implementation of the program. Representative Niland expressed her concerns as well in the timely manner of the implementation of PeopleSoft and would like an update on which departments haven't fully done the implementation and for it to be brought to the attention of City Council. Rep. Niland would like to know what is prohibiting departments from not coming into compliance with PeopleSoft and stating a deadline that need to be met in which all departments are in full compliance. The FAOC Board instructed City staff to bring them a list with everything they asked by the next FAOC meeting, starting off with the Human Resources Department.

No action was taken on this item.

4. Discussion and action on Client Surveys. [Internal Audit, Edmundo Calderon, (915) 212-1365].

Edmundo Calderon stated that out of 28 surveys sent out, we received 20 back. All surveys were provided to the committee in their board packets for transparency purposes. The FAOC Board requested for the surveys to be provided quarterly during the FAOC meetings.

No action was taken on this item.

5. Discussion on the impact of the 2014-2015 Budget on the Internal Audit Office. [Internal Audit, Edmundo Calderon, (915) 212-1365]

Mr. Calderon stated that he would like to be as transparent as possible with the committee when it came to items discussed during the recent budget process. Mr. Calderon explained to the committee that the cost of the Ethicsline was reduced during the budget hearings but was given the commitment by Dr. Sutter and City Manager Gonzales that the funds will be returned to the Internal Audit Department funding to pay for the Ethicsline. Rep. Niland was bothered by not hearing about this news earlier and would like to know what else City Council doesn't know about as far as items being cut during budget season. Dr. Sutter explained why the Ethicsline was cut in lieu of salaries. Rep. Niland stated the importance of having this information in regards to budget cuts. Dr. Sutter explained that City Council will have a better budget experience next year.

Mr. Calderon then went on to discuss to the board in regards to Hotel Occupancy Tax (HOT) Audits. He explained that he contacted colleagues in other cities to see what they do in with these types of audits. Mr. Calderon then explained how the HOT Audits work. Rep. Niland would like some more information to be brought back by the next FAOC Meeting on other Cities and their processes on these audits. Rep. Acosta expressed the importance of monitoring these hotels especially right now because the 2% is supposed to be paying for the baseball stadium and would like to know how we are tracking these funds. Dr. Sutter explained some possible solutions to monitor these hotels.

No action was taken on this item.

6. Discussion on Impact of GASB Statements 67 and 68 on Financial Reporting for the City of El Paso. [Dr. Mark Sutter, Comptroller, (915) 212-1145]

Dr. Mark Sutter stated that this was an educational “first shot” at GASB68 and the impact it will have on the City’s 2015 Financial Statements. Dr. Sutter then provided a presentation to the committee with upcoming changes, impacts, disclosures and figures regarding the GASB67 and GASB68. Rep. Niland expressed how helpful this information was and commended Dr. Sutter and his team for providing and thoroughly explaining this information.

No action was taken on this item.

7. Adjournment

A motion to adjourn was made by Representative Courtney Niland. The motion was seconded by Representative Emma Acosta.

Meeting adjourned at approximately at 2:34 P.M MST.

Submitted by:

Representative Larry E. Romero
Chair, Financial and Audit Oversight Committee

Edmundo S. Calderon – Chief Internal Auditor,
Internal Audit Office